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PART II – CONTRACT CLAUSES

SECTION I

CONTRACT CLAUSES

ARTICLE I-1 CLAUSES INCORPORATED BY REFERENCE

This contract incorporates one or more clauses by reference, with the same force and effect as they were given in full text. The full text may be accessed electronically at: <http://ec.msfc.nasa.gov/hq/library/library.html>

I. FEDERAL ACQUISITION REGULATION (48 CFR CHAPTER 1) CLAUSES:

<u>Clause Number</u>	<u>Title</u>
52.202-1	Definitions (MAR 2001)
52.203-3	Gratuities (APR 1984)
52.203-5	Covenant Against Contingent Fees (APR 1984)
52.203-6	Restrictions on Subcontractor Sales to the Government (JUL 1995)
52.203-7	Anti-Kickback Procedures (JUL 1995)
52.203-8	Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity (JAN 1997)
52.203-10	Price or Fee Adjustment for Illegal or Improper Activity (JAN 1997)
52.203-12	Limitation on Payments to Influence Certain Federal Transactions (JUN 1997)
52.204-2	Security Requirements (AUG 1996)
52.204-4	Printed or Copied Double-Sided on Recycled Paper (AUG 2000)
52.209-6	Protecting the Government's Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (JUL 1995)
52.211-5	Material Requirements (AUG 2000)

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- 52.211-15 Defense Priority and Allocation Requirements (SEP 1990)
- 52.215-2 Audit and Records—Negotiation (JUN 1999)
- 52.215-8 Order of Precedence—Uniform Contract Format (OCT 1997)
- 52.215-11 Price Reduction for Defective Cost or Pricing Data—Modifications (OCT 1997)
- 52.215-13 Subcontractor Cost or Pricing Data—Modifications (OCT 1997)
- 52.215-14 Integrity of Unit Prices (OCT 1997)
- 52.215-15 Pension Adjustments and Asset Reversions (DEC 1998)
- 52.215-18 Reversion or Adjustment of Plans for Postretirement Benefits (PRB) Other Than Pensions (OCT 1997)
- 52.215-21 Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data – Modifications (OCT 1997) and Alternate II (OCT 1997) and Alternate III (OCT 1997)
Insert Alternate III: 3.5” computer disk or CD-ROM
- 52.216-7 Allowable Cost and Payment (MAR 2000)
- 52.217-8 Option to Extend Services (NOV 1999)
Insert: 30 days
- 52.217-9 Option to Extend the Term of the Contract (MAR 2000)
Para (a) first insert: 15 days
Para (a) second insert: 60 days
Para (c) insert: ten years
- 52.215-16 Facilities Capital Cost of Money (OCT 1997)
- 52.219-4 Notice of Price Evaluation Preference for HUBZone Small Business Concerns (JAN 1999)
- 52.219-8 Utilization of Small Business Concerns (OCT 2000)
- 52.219-9 Small Business Subcontracting Plan (OCT 2000) and Alternate II (OCT 2000)
- 52.219-16 Liquidated Damages—Subcontracting Plan (JAN 1999)

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- 52.219-23 Notice of Price Evaluation Adjustment for Small Disadvantaged Business Concerns (MAY 2001)
Insert Para (b)(1): ten (10)
- 52.219-25 Small Disadvantaged Business Participation Program-Disadvantaged Status and Reporting (OCT 1999)
- 52.222-1 Notice to the Government of Labor Disputes (FEB 1997)
- 52.222-2 Payment for Overtime Premiums (JUL 1990)
Insert: zero
- 52.222-3 Convict Labor (AUG 1996)
- 52.222-4 Contract Work Hours and Safety Standards Act—Overtime Compensation (SEP 2000)
- 52.222-6 Davis-Bacon Act (FEB 1995) (Applicable to Section 5 of CAPPS Statement of Work Attachment J-1)
- 52.222-7 Withholding of Funds (FEB 1988) (Applicable to Section 5 of CAPPS Statement of Work Attachment J-1)
- 52.222-8 Payrolls and Basic Records (FEB 1988) (Applicable to Section 5 of CAPPS Statement of Work Attachment J-1)
- 52.222-9 Apprentices and Trainees (FEB 1988) (Applicable to Section 5 of CAPPS Statement of Work Attachment J-1)
- 52.222-10 Compliance with Copeland Act Requirements (FEB 1988) (Applicable to Section 5 of CAPPS Statement of Work Attachment J-1)
- 52.222-11 Subcontracts (Labor Standards) (FEB 1988) (Applicable to Section 5 of CAPPS Statement of Work Attachment J-1)
- 52.222-12 Contract Termination—Debarment (FEB 1988) (Applicable to Section 5 of CAPPS Statement of Work Attachment J-1)
- 52.222-13 Compliance with Davis-Bacon and Related Act Regulations (FEB 1988) (Applicable to Section 5 of CAPPS Statement of Work Attachment J-1)

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- 52.222-14 Disputes Concerning Labor Standards (FEB 1988) (Applicable to Section 5 of CAPPS Statement of Work Attachment J-1)
- 52.222-15 Certification of Eligibility (FEB 1988) (Applicable to Section 5 of CAPPS Statement of Work Attachment J-1)
- 52.222-16 Approval of Wage Rates (FEB 1988) (Applicable to Section 5 of CAPPS Statement of Work Attachment J-1)
- 52.222-20 Walsh-Healey Public Contracts Act (DEC 1996)
- 52.222-21 Prohibition of Segregated Facilities (FEB 1999)
- 52.222-26 Equal Opportunity (FEB 1999)
- 52.222-29 Notification of Visa Denial (FEB 1999)
- 52.222-35 Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era (APR 1998)
- 52.222-36 Affirmative Action for Workers with Disabilities (JUN 1998)
- 52.222-37 Employment Reports on Disabled Veterans and Veterans of the Vietnam Era (JAN 1999)
- 52.222-41 Service Contract Act of 1965, as Amended (MAY 1989)
- 52.222-47 Service Contract Act (SCA) Minimum Wages and Fringe Benefits (MAY 1989)
First Insert: The Boeing Corporation
Second Insert: International Association of Machinists and Aerospace Workers, Local Lodge No. 1163, and International Brotherhood of Electrical Workers AFL-CIO, Local No. 2088
- 52.223-3 Hazardous Material Identification and Material Safety Data (JAN 1997) and Alternate I (JUL 1995)
- 52.223-5 Pollution Prevention and Right-to-Know Information (APR 1998)
- 52.223-6 Drug-Free Workplace (MAY 2001)
- 52.223-10 Waste Reduction Program (AUG 2000)
- 52.223-12 Refrigeration Equipment and Air Conditioners (MAY 1995)

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- 52.223-14 Toxic Chemical Release Reporting (OCT 2000)
- 52.225-1 Buy American Act—Balance of Payments Program—Supplies (FEB 2000)
- 52.225-8 Duty-Free Entry (FEB 2000)
- 52.225-13 Restrictions on Certain Foreign Purchases (JUL 2000)
- 52.227-1 Authorization and Consent (JUL 1995)
- 52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement (AUG 1996)
- 52.227-11 Patent Rights—Retention by the Contractor (Short Form) (JUN 1997) -- as modified by NASA FAR Supplement 18.52.227-11 (applicable to small businesses)
- 52.227-14 Rights in Data—General (JUN 1987) – as modified by NASA FAR Supplement 1852.227-14 - and Alternate II (JUN 1987)
Insert: See Article H-23 and Alternate III (Jun 1987) – as modified by Article H-22. (Alternate III, as modified by Article H-22, is applicable to Configuration Status Accounting System)
- 52.227-16 Additional Data Requirements (JUN 1987)
- 52.227-23 Rights to Proposal Data (Technical) (June 1987)
Inserts: To be completed at contract award
- 52.228-7 Insurance—Liability to Third Persons (MAR 1996)
- 52.230-2 Cost Accounting Standards (APR 1998)
- 52.230-6 Administration of Cost Accounting Standards (NOV 1999)
- 52.232-9 Limitation on Withholding of Payments (APR 1984)
- 52.232-17 Interest (JUN 1996)
- 52.232-18 Availability of Funds (APR 1984)
- 52.232-22 Limitation of Funds (APR 1984)
- 52.232-23 Assignment of Claims (JAN 1986)

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- 52.232-25 Prompt Payment (MAY 2001) and Alternate I (DEC 2000)
(reference Article I - 8)
- 52.232-34 Payment by Electronic Funds Transfer—Other than Central
Contractor Registration (MAY1999)
- 52.233-1 Disputes (Dec 1998) and Alternate I (DEC 1991)
- 52.233-3 Protest after Award (Aug 1996) and Alternate I (JUN 1985)
- 52.237-1 Site Visit (APR 1984)
- 52.237-2 Protection of Government Buildings, Equipment, and Vegetation
(APR 1984)
- 52.237-3 Continuity of Services (JAN 1991)
- 52.239-1 Privacy or Security Safeguards (AUG 1996)
- 52.242-1 Notice of Intent to Disallow Costs (APR 1984)
- 52.242-3 Penalties for Unallowable Costs (MAR 2001)
- 52.242-4 Certification of Final Indirect Costs (JAN 1997)
- 52.242-12 Report of Shipment (REPSHIP) (JUL 1995)
- 52.242-13 Bankruptcy (JUL 1995)
- 52.243-2 Changes—Cost-Reimbursement (AUG 1987) and
Alternate II (APR 1984)
- 52.243-6 Change Order Accounting (APR 1984)
- 52.244-2 Subcontracts (Aug 1998) and Alternate I (AUG 1988)
Paragraph (e) Insert: Consent is required for cost reimbursement,
time and material, labor hour and fixed-price not-to exceed
contracts, letter contracts, and unpriced actions when the contract
action exceeds \$100,000. Consent is required for all information
technology actions exceeding \$100,000. Consent is required for
competitive or non-competitive fixed-price awards exceeding
\$500,000. Consent is required for experimental or research and
development contracts exceeding \$2,500. Subcontract consent is
not required for special test equipment, but a 30-day advanced
notification must be provided to the contracting officer. A 30-day

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advanced notification must be provided to the contracting officer when a fixed-price award to other than the low bidder is contemplated.

- 52.244-5 Competition in Subcontracting (DEC 1996)
- 52.244-6 Subcontracts for Commercial Items (MAY 2001)
- 52.245-5 Government Property (Cost-Reimbursement, Time-and-Material, or Labor-Hour Contracts) (JAN 1986)
- 52.245-9 Use and Charges (APR 1984) (Applicable to Article H-15)
- 52.245-18 Special Test Equipment (FEB1993)
- 52.245-19 Government Property Furnished “As Is” (APR 1984) (Applicable to Attachment J-1, Appendix 17)
- 52.246-23 Limitation of Liability (FEB 1997)
- 52.246-25 Limitation of Liability—Services (FEB 1997)
- 52.247-1 Commercial Bill of Lading Notations (APR 1984)
- 52.247-63 Preference for U.S.-Flag Air Carriers (JAN 1997)
- 52.247-64 Preference for Privately Owned U.S.-Flag Commercial Vessels (JUN 2000)
- 52.249-6 Termination (Cost-Reimbursement) (SEP 1996)
- 52.249-14 Excusable Delays (APR 1984)
- 52.250-1 Indemnification under Public Law 85-804 (APR 1984) - Alternate 1 (APR 1984) – Applicable to STS-114 only.
- 52.251-1 Government Supply Sources (APR 1984)
- 52.251-2 Interagency Fleet Management System Vehicles and Related Services (JAN 1991)
- 52.253-1 Computer Generated Forms (JAN 1991)

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II. NASA SUPPLEMENT TO THE FEDERAL ACQUISITION REGULATION (48 CFR CHAPTER 18) CLAUSES:

<u>Clause Number</u>	<u>Title</u>
1852.203-70	Display of Inspector General Hotline Posters (JUN 2001)
1852.204-75	Security Classification Requirements (SEP 1989) First insert: Top Secret Second insert: Attachment J-6
1852.204-76	Security Requirements for Unclassified Information Technology Resources (JUL 2000)
1852.209-72	Composition of the Contractor (DEC 1988)
1852.215-84	Ombudsman (JUN 2000) Insert: Dr. Woodrow Whitlow, Mail Code - AA-A Kennedy Space Center, FL 32899, phone: 321-867-2355, fax: 321-867-7787, email: Woodrow.Whitlow-1@nasa.gov
1852.216-89	Assignment and Release Forms (JUL1997)
1852.217-70	Property Administration and Reporting (DEC 1988)
1852.219-74	Use of Rural Area Small Businesses (SEP 1990)
1852.219-75	Small Business Subcontracting Reporting (MAY 1999)
1852.219-76	NASA 8 Percent Goal (JUL 1997)
1852.219-79	Mentor Requirements and Evaluation (MAR 1999) (applicable to prime contractors who are participants in the NASA Mentor- Protégé Program)
1852.223-74	Drug-and-Alcohol-Free Workforce (MAR 1996)
1852.223-76	Federal Automotive Statistical Tool Reporting (JUL 2003)
1852.227-87	Transfer of Technical Data Under Space Station International Agreements (APR 1989)
1852.228-75	Minimum Insurance Coverage (OCT 1988)
1852.237-70	Emergency Evacuation Procedures (DEC 1988)

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1852.237-71 Pension Portability (JAN 1997)

1852.242-78 Emergency Medical Services And Evacuation (APR 2001)

**ARTICLE I-2 FAR 52.215-19 NOTIFICATION OF OWNERSHIP
CHANGES (OCT 1997)**

(a) The Contractor shall make the following notifications in writing:

- (1) When the Contractor becomes aware that a change in its ownership has occurred, or is certain to occur, that could result in changes in the valuation of its capitalized assets in the accounting records, the Contractor shall notify the Administrative Contracting Officer (ACO) within 30 days.
- (2) The Contractor shall also notify the ACO within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership.

(b) The Contractor shall—

- (1) Maintain current, accurate, and complete inventory records of assets and their costs;
- (2) Provide the ACO or designated representative ready access to the records upon request;
- (3) Ensure that all individual and grouped assets, their capitalized values, accumulated depreciation or amortization, and remaining useful lives are identified accurately before and after each of the Contractor's ownership changes; and
- (4) Retain and continue to maintain depreciation and amortization schedules based on the asset records maintained before each Contractor ownership change.

(c) The Contractor shall include the substance of this clause in all subcontracts under this contract that meet the applicability requirement of FAR 15.408(k).

**ARTICLE I-3 FAR 52.222-42 STATEMENT OF EQUIVALENT RATES
FOR FEDERAL HIRES (MAY 1989)**

In compliance with the Service Contract Act of 1965, as amended, and the regulations of the Secretary of Labor (29 CFR Part 4), this clause identifies the

classes of service employees expected to be employed under the contract and states the wages and fringe benefits payable to each if they were employed by the contracting agency subject to the provisions of 5 U.S.C. 5341 or 5332.

This Statement is for Information Only:
It is not a Wage Determination

(See Attachment J-9)

**ARTICLE I-4 FAR 52.223-7 NOTICE OF RADIOACTIVE MATERIALS
(JAN 1997)**

- (a) The Contractor shall notify the Contracting Officer or designee, in writing 90 days prior to the delivery of, or prior to completion of any servicing required by this contract of, items containing either (1) radioactive material requiring specific licensing under the regulations issued pursuant to the Atomic Energy Act of 1954, as amended, as set forth in Title 10 of the Code of Federal Regulations, in effect on the date of this contract, or (2) other radioactive material not requiring specific licensing in which the specific activity is greater than 0.002 microcuries per gram or the activity per item equals or exceeds 0.01 microcuries. Such notice shall specify the part or parts of the items which contain radioactive materials, a description of the materials, the name and activity of the isotope, the manufacturer of the materials, and any other information known to the Contractor which will put users of the items on notice as to the hazards involved (OMB No. 9000-0107).
- (b) If there has been no change affecting the quantity of activity, or the characteristics and composition of the radioactive material from deliveries under this contract or prior contracts, the Contractor may request that the Contracting Officer or designee waive the notice requirement in paragraph (a) of this clause. Any such request shall—
- (1) Be submitted in writing;
 - (2) State that the quantity of activity, characteristics, and composition of the radioactive material have not changed; and
 - (3) Cite the contract number on which the prior notification was submitted and the contracting office to which it was submitted.
- (c) All items, parts, or subassemblies which contain radioactive materials in which the specific activity is greater than 0.002 microcuries per gram or activity per item equals or exceeds 0.01 microcuries, and all containers in which such items, parts or subassemblies are delivered to the Government

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shall be clearly marked and labeled as required by the latest revision of MIL-STD 129 in effect on the date of the contract.

- (d) This clause, including this paragraph (d), shall be inserted in all subcontracts for radioactive materials meeting the criteria in paragraph (a) of this clause.

**ARTICLE I-5 FAR 52.223-9 ESTIMATE OF PERCENTAGE OF
RECOVERED MATERIAL CONTENT FOR EPA-
DESIGNATED PRODUCTS (AUG 2000) and ALTERNATE
I (AUG 2000)**

(a) Definitions. As used in this clause--

"Post consumer material," means a material or finished product that has served its intended use and has been discarded for disposal or recovery, having completed its life as a consumer item.

Post consumer material is a part of the broader category of "recovered material."

"Recovered material" means waste materials and by-products recovered or diverted from solid waste, but the term does not include those materials and by-products generated from, and commonly reused within, an original manufacturing process.

(b) The Contractor shall execute the following certification required by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. 6962(i)(2)(C)):

(c) The Contractor, on completion of this contract, shall--

- (1) Estimate the percentage of the total recovered material used in contract performance, including, if applicable, the percentage of post consumer material content; and
- (2) Submit this estimate to the KSC Environmental Program Branch, Code TA-C3.

CERTIFICATION

I, _____ (name of certifier), am an officer or employee responsible for the performance of this contract and hereby certify that the percentage of recovered material content for EPA-designated products met the applicable contract specifications.

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[Signature of the Officer or Employee]

[Typed Name of the Officer or Employee]

[Title]

[Name of Company, Firm, or Organization]

[Date]

**ARTICLE I-6 FAR 52.223-11 OZONE-DEPLETING SUBSTANCES
(MAY 2001)**

(a) Definition. "Ozone-depleting substance", as used in this clause, means any substance the Environmental Protection Agency designated in 40 CFR Part 82 as—

(1) Class I, including, but not limited to, chlorofluorocarbons, halons, carbon tetrachloride, and methyl chloroform; or

(2) Class II, including, but not limited to, hydrochlorofluorocarbons.

(b) The Contractor shall label products which contain or are manufactured with ozone-depleting substances in the manner and to the extent required by 42 U.S.C. 7671j(b), (c), and (d) and 40 CFR part 82, Subpart E, as follows:

Warning

Contains (or manufactured with, if applicable) * _____, a substance(s) which harm(s) public health and environment by destroying ozone in the upper atmosphere.

* The Contractor shall insert the name of the substance(s).

**ARTICLE I-7 FAR 52.225-9 BUY AMERICAN ACT—BALANCE OF
PAYMENTS PROGRAM—CONSTRUCTION MATERIALS
(FEB 2000) (Applicable to Section 5 of CAPPS Statement
of Work Attachment J-1)**

(a) Definitions. As used in this clause--

"Component" means any article, material, or supply incorporated directly into construction materials.

"Construction material" means an article, material, or supply brought to the construction site by the Contractor or a subcontractor for incorporation into the building or work. The term also includes an item brought to the site pre-assembled from articles, materials, or supplies. However, emergency life safety systems, such as emergency lighting, fire alarm, and audio evacuation systems, that are discrete systems incorporated into a public building or work and that are produced as complete systems, are evaluated as a single and distinct construction material regardless of when or how the individual parts or components of those systems are delivered to the construction site. Materials purchased directly by the Government are supplies, not construction material.

"Cost of components" means--

- (1) For components purchased by the Contractor, the acquisition cost, including transportation costs to the place of incorporation into the end product (whether or not such costs are paid to a domestic firm), and any applicable duty (whether or not a duty-free entry certificate is issued); or
- (2) For components manufactured by the Contractor, all costs associated with the manufacture of the component, including transportation costs as described in paragraph (1) of this definition, plus allocable overhead costs, but excluding profit. Cost of components does not include any costs associated with the manufacture of the end product.

"Domestic construction material" means--

- (1) An unmanufactured construction material mined or produced in the United States; or
- (2) A construction material manufactured in the United States, if the cost of its components mined, produced, or manufactured in the United States exceeds 50 percent of the cost of all its components. Components of foreign origin of the same class or kind for which non-availability determinations have been made are treated as domestic.

"Foreign construction material" means a construction material other than a domestic construction material.

"United States" means the 50 States and the District of Columbia, U.S. territories and possessions, Puerto Rico, the Northern Mariana Islands, and any other place subject to U.S. jurisdiction, but does not include leased bases.

(b) Domestic preference. (1) This clause implements the Buy American Act (41 U.S.C. 10a - 10d) and the Balance of Payments Program by providing a preference for domestic construction material. The Contractor shall use only domestic construction material in performing this contract, except as provided in paragraphs (b)(2) and (b)(3) of this clause.

(2) This requirement does not apply to the construction material or components listed by the Government as follows: NONE

(3) The Contracting Officer may add other foreign construction material to the list in paragraph (b)(2) of this clause if the Government determines that--

(i) The cost of domestic construction material would be unreasonable. The cost of a particular domestic construction material subject to the requirements of the Buy American Act is unreasonable when the cost of such material exceeds the cost of foreign material by more than 6 percent. For determination of unreasonable cost under the Balance of Payments Program, the Contracting Officer will use a factor of 50 percent;

(ii) The application of the restriction of the Buy American Act or Balance of Payments Program to a particular construction material would be impracticable or inconsistent with the public interest; or

(iii) The construction material is not mined, produced, or manufactured in the United States in sufficient and reasonably available commercial quantities of a satisfactory quality.

(c) Request for determination of inapplicability of the Buy American Act or Balance of Payments Program.

(1)(i) Any Contractor request to use foreign construction material in accordance with paragraph (b)(3) of this clause shall include adequate information for Government evaluation of the request, including--

(A) A description of the foreign and domestic construction materials;

- (B) Unit of measure;
 - (C) Quantity;
 - (D) Price;
 - (E) Time of delivery or availability;
 - (F) Location of the construction project;
 - (G) Name and address of the proposed supplier; and
 - (H) A detailed justification of the reason for use of foreign construction materials cited in accordance with paragraph (b)(3) of this clause.
- (ii) A request based on unreasonable cost shall include a reasonable survey of the market and a completed price comparison table in the format in paragraph (d) of this clause.
 - (iii) The price of construction material shall include all delivery costs to the construction site and any applicable duty (whether or not a duty-free certificate may be issued).
 - (iv) Any Contractor request for a determination submitted after contract award shall explain why the Contractor could not reasonably foresee the need for such determination and could not have requested the determination before contract award. If the Contractor does not submit a satisfactory explanation, the Contracting Officer need not make a determination.
- (2) If the Government determines after contract award that an exception to the Buy American Act or Balance of Payments Program applies and the Contracting Officer and the Contractor negotiate adequate consideration, the Contracting Officer will modify the contract to allow use of the foreign construction material. However, when the basis for the exception is the unreasonable price of a domestic construction material, adequate consideration is not less than the differential established in paragraph (b)(3)(i) of this clause.
- (3) Unless the Government determines that an exception to the Buy American Act or Balance of Payments Program applies, use of foreign construction material is noncompliant with the Buy American Act or Balance of Payments Program.

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(d) Data. To permit evaluation of requests under paragraph (c) of this clause based on unreasonable cost, the Contractor shall include the following information and any applicable supporting data based on the survey of suppliers:

Foreign and Domestic Construction Materials Price Comparison

Construction material description	Unit of measure	Quantity	Price (dollars) *
Item 1			
Foreign construction material			
Domestic construction material			
Item 2			
Foreign construction material			
Domestic construction material			

[List name, address, telephone number, and contact for suppliers surveyed. Attach copy of response; if oral, attach summary.]

[Include other applicable supporting information.]

*[*Include all delivery costs to the construction site and any applicable duty (whether or not a duty-free entry certificate is issued).]*

ARTICLE I-8 52.232-25 PROMPT PAYMENT ALTERNATE I (DEC 2000)

For interim payments under this cost-reimbursement service contract, the following paragraphs of the basic clause do not apply: (a)(2), (a)(4)(ii), (a)(4)(iii), and (a)(5)(i). Substitute the following paragraphs for (a)(1)(i) and (a)(3) of the basic clause:

(a) Invoice payments-- (1) Due date. (i) For purposes of computing late payment interest penalties that may apply, the due date for payment is the 30th day after the designated office receives a proper invoice.

* * * * *

(a)(3) Contractor's invoice. Invoices for interim payments must be submitted to the office designated in the contract and comply with all other requirements as specified elsewhere in the contract. If the invoice does not comply with the contract requirements, it shall be returned within 7 days after the date the designated office received the invoice.

**ARTICLE I-9 52.247-67 SUBMISSION OF COMMERCIAL
TRANSPORTATION BILLS TO THE GENERAL SERVICES
ADMINISTRATION FOR AUDIT (JUN 1997)**

(a)(1) In accordance with paragraph (a)(2) of this clause, the Contractor shall submit to the General Services Administration (GSA) for audit, legible copies of all paid freight bills/invoices, commercial bills of lading (CBL's), passenger coupons, and other supporting documents for transportation services on which the United States will assume freight charges that were paid--

(i) By the Contractor under a cost-reimbursement contract; and

(ii) By a first-tier subcontractor under a cost-reimbursement subcontract thereunder.

(2) Cost-reimbursement Contractors shall only submit for audit those CBL's with freight shipment charges exceeding \$50.00. Bills under \$50.00 shall be retained on-site by the Contractor and made available for GSA on-site audits. This exception only applies to freight shipment bills and is not intended to apply to bills and invoices for any other transportation services.

(b) The Contractor shall forward copies of paid freight bills/invoices, CBL's, passenger coupons, and supporting documents as soon as possible following the end of the month, in one package to the:

General Services Administration

Attn: FWA

1800 F Street, NW

Washington, DC 20405.

The Contractor shall include the paid freight bills/invoices, CBL's, passenger coupons, and supporting documents for first-tier subcontractors under a cost-reimbursement contract. If the inclusion of the paid freight bills/invoices, CBL's, passenger coupons, and supporting documents for any subcontractor in the shipment is not practicable, the documents may be forwarded to GSA in a separate package.

(c) Any original transportation bills or other documents requested by GSA shall be forwarded promptly by the Contractor to GSA. The Contractor shall ensure

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that the name of the contracting agency is stamped or written on the face of the bill before sending it to GSA.

(d) A statement prepared in duplicate by the Contractor shall accompany each shipment of transportation documents. GSA will acknowledge receipt of the shipment by signing and returning the copy of the statement. The statement shall show--

- (1) The name and address of the Contractor;
- (2) The contract number including any alpha-numeric prefix identifying the contracting office;
- (3) The name and address of the contracting office;
- (4) The total number of bills submitted with the statement; and
- (5) A listing of the respective amounts paid or, in lieu of such listing, an adding machine tape of the amounts paid showing the Contractor's voucher or check numbers.

ARTICLE I-10 FAR 52.252-2 CLAUSES INCORPORATED BY REFERENCE (FEB 1998)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at these addresses): Federal Acquisition Regulation Clauses at: <http://www.arnet.gov/far/> and NASA FAR Supplement Clauses at: <http://ec.msfc.nasa.gov/hq/library/library.html>.

ARTICLE I-11 FAR 52.252-4 ALTERATIONS IN CONTRACT (APR 1984)

Portions of this contract are altered as follows:

Article E-2, Material Inspection and Receiving Reports, supplements NFS Clause 1852.246-72, Material Inspection and Receiving Report, incorporated by reference in Section E. Article E-2 clarifies that DD Form 250s are only required for equipment and hardware deliveries and system turnovers to the government.

Article F-5, Freight Shipments, supplements FAR Clause 52.247-67, Submission of Commercial Transportation Bills to the General Services Administration for

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Audit, incorporated in full text in Section I (Article I-9). Article F-5 requires the contractor to submit one copy of all commercial transportation bills to the Kennedy Space Center Transportation Office.

Article H-14, Government Furnished Services, supplements NFS Clause 1852.245-77 (List of Installation-Accountable Property and Services), incorporated in Section G by reference, by listing those services to be provided by the government to the contractor.

Article H-21, Data Rights Notice, supplements FAR Clause 52.227-14 (Rights in Data—General), incorporated in Section I, by requiring the contractor, during the negotiation of contract changes, to identify computer software or technical data that is to be provided with less than unlimited data rights.

Article H-22, Restricted Rights Notice, revises FAR Clause 52.227-14 (Rights in Data—General) Alternate III, incorporated in Section I by reference and NFS Clause 1852.227-86, Commercial Computer Software-Licensing, incorporated in Section G by reference. Article H-22 revises the language in both clauses by stating the government may use, or copy for use, computer software with restricted rights for use in or with multiple computers provided they are not used simultaneously. (Alternate III of FAR Clause 52.227-14 is applicable to Configuration Status Accounting System software)

Article H-23, Limited Rights Data Notice, supplements FAR Clause 52.227-14 (Rights in Data—General) Alternate II, incorporated in Section I by reference. Article H-23 lists the circumstances when the government may disclose, outside the government, technical data marked as limited rights data.

Article H-27, International Partners and Contractors, supplements NFS 1852.225-70, Export Licenses, incorporated by reference in Section H, by providing a list of government agencies CAPPS will be working with. Article H-27 also provides a list of International Space Station international partners and Shuttle payload international contractors CAPPS will be working with.

ARTICLE I-12 FAR 52.252-6 AUTHORIZED DEVIATIONS IN CLAUSES (APR 1984)

The use in this solicitation or contract of any Federal Acquisition Regulation (48 CFR Chapter 1) clause with an authorized deviation is indicated by the addition of “(DEVIATION)” after the date of the clause.

The use in this solicitation or contract of any NASA FAR Supplement Regulation (48 CFR 18) clause with an authorized deviation is indicated by the addition of “(DEVIATION)” after the name of the regulation.

ARTICLE I-13 NFS 1852.243-71 SHARED SAVINGS (MARCH 1997)

(a) The Contractor is entitled, under the provisions of this clause, to share in cost savings resulting from the implementation of cost reduction projects which are presented to the Government in the form of Cost Reduction Proposals (CRP) and approved by the Contracting Officer. These cost reduction projects may require changes to the terms, conditions or statement of work of this contract. Any cost reduction projects must not change the essential function of any products to be delivered or the essential purpose of services to be provided under the contract.

(b) Definitions:

- (1) Cost savings, as contemplated by this clause mean savings that result from instituting changes to the covered contract, as identified in an approved Cost Reduction Proposal.
- (2) Cost Reduction Proposal - For the purposes of this clause, a Cost Reduction Proposal means a proposal that recommends alternatives to the established procedures and/or organizational support of a contract or group of contracts. These alternatives must result in a net reduction of contract cost and price to NASA. The proposal will include technical and cost information sufficient to enable the Contracting Officer to evaluate the CRP and approve or disapprove it.
- (3) Covered contract - As used in this provision, covered contract means the contract, including unexercised options but excluding future contracts, whether contemplated or not, against which the CRP is submitted.
- (4) Contractor implementation costs - As used in this provision, Contractor implementation costs, or "implementation costs", shall mean those costs which the Contractor incurs on covered contracts specifically in developing, preparing, submitting, and negotiating a CRP, as well as those costs the Contractor will incur on covered contracts to make any structural or organizational changes in order to implement an approved CRP.
- (5) Government costs - As used in this provision, the term Government costs means internal costs of NASA, or any other Government agency, which result directly from development and implementation of the CRP. These may include, but are not limited to, costs associated with the administration of the contract or with such contractually related functions such as testing, operations, maintenance and logistics support. These

costs also include costs associated with other Agency contracts (including changes in contract price or cost and fee) that may be affected as a result of the implementation of a CRP. They do not include the normal administrative costs of reviewing and processing the Cost Reduction Proposal.

- (c) General. The Contractor will develop, prepare and submit CRP's with supporting information as detailed in paragraph (e) of this clause, to the Contracting Officer. The CRP will describe the proposed cost reduction activity in sufficient detail to enable the Contracting Officer to evaluate it and to approve or disapprove it. The Contractor shall share in any net cost savings realized from approved and implemented CRPs in accordance with the terms of this clause. The Contractor's actual percentage share of the cost savings shall be a matter for negotiation with the Contracting Officer, but shall not, in any event, exceed 50 percent of the total cost savings recognized by the Contracting Officer. The Contractor may propose changes in other activities that impact performance on its contract, including Government and other Contractor operations, if such changes will optimize cost savings. A Contractor shall not be entitled to share, however, in any cost savings that are internal to the Government, or which result from changes made to any contracts to which it is not a party even if those changes were proposed as a part of its CRP. Early communication between the Contractor and Government is encouraged. The communication may be in the form of a concept paper or preliminary proposal. The Government is not committed to accepting any proposal as a result of these early discussions.
- (d) Computation of cost savings. The cost savings to be shared between the Government and the Contractor will be computed by the Contracting Officer by comparing a current estimate to complete (ETC) for the covered contract, as structured before implementation of the proposed CRP, to a revised ETC which takes into account the implementation of that CRP. The cost savings to be shared shall be reduced by any cost overrun, whether experienced or projected, that is identified on the covered contract before implementation of the CRP. Although a CRP may result in cost savings that extend far into the future, the period in which the Contractor may share in those savings will be limited to no more than five years. Implementation costs of the Contractor must be considered and specifically identified in the revised ETC. The Contracting Officer shall offset Contractor cost savings by any increased costs (whether implementing or recurring) to the Government when computing the total cost savings to be shared. The Contractor shall not be entitled, under the provisions of this clause, to share in any cost reductions to the contract that are the result of changes stemming from any action other than an approved CRP. However, this clause does not limit recovery of any such reimbursements that are allowed as a result of other contract provisions.

(e) Supporting Information. As a minimum, the Contractor shall provide the following supporting information with each CRP:

- (1) Identification of the current contract requirements or established procedures and/or organizational support which are proposed to be changed.
- (2) A description of the difference between the current process or procedure and the proposed change. This description shall address how proposed changes will meet NASA requirements and discuss the advantages and disadvantages of the existing practice and the proposed changes.
- (3) A list of contract requirements which must be revised, if any, if the CRP is approved, along with proposed revisions. Any changes to NASA or delegated contract management processes should also be addressed.
- (4) Detailed cost estimates which reflect the implementation costs of the CRP.
- (5) An updated ETC for the covered contract, unchanged, and a revised ETC for the covered contract which reflects changes resulting from implementing the CRP. If the CRP proposes changes to only a limited number of elements of the contract, the ETCs need only address those portions of the contract that have been impacted. Each ETC shall depict the level of costs incurred or to be incurred by year, or to the level of detail required by the Contracting Officer. If other CRPs have been proposed or approved on a contract, the impact of these CRPs must be addressed in the computation of the cost savings to ensure that the cost savings identified are attributable only to the CRP under consideration in the instant case.
- (6) Identification of any other previous submissions of the CRP, including the dates submitted, the agencies and contracts involved, and the disposition of those submittals.

(f) Administration.

- (1) The Contractor shall submit proposed CRPs to the Contracting Officer who shall be responsible for the review, evaluation and approval. Normally, CRP's should not be entertained for the first year of performance to allow the Contracting Officer to assess performance against the basic requirements. If a cost reduction project impacts more than a single contract, the Contractor may, upon concurrence of the Contracting Officers responsible for the affected contracts, submit a single CRP which addresses fully the cost savings projected on all affected contracts that contain this Shared Savings Clause. In the case of multiple

contracts affected, responsibility for the review and approval of the CRP will be a matter to be decided by the affected Contracting Officers.

- (2) Within 60 days of receipt, the Contracting Officer shall complete an initial evaluation of any proposed cost reduction plan to determine its feasibility. Failure of the Contracting Officer to provide a response within 60 days shall not be construed as approval of the CRP. The Government shall promptly notify the Contractor of the results of its initial evaluation and indicate what, if any, further action will be taken. If the Government determines that the proposed CRP has merit, it will open discussions with the Contractor to establish the cost savings to be recognized, the Contractor's share of the cost savings, and a payment schedule. The Contractor shall continue to perform in accordance with the terms and conditions of the existing contract until a contract modification is executed by the Contracting Officer. The modification shall constitute approval of the CRP and shall incorporate the changes identified by the CRP, adjust the contract cost and/or price, establish the Contractor's share of cost savings, and incorporate the agreed to payment schedule.
- (3) The Contractor will receive payment by submitting invoices to the Contracting Officer for approval. The amount and timing of individual payments will be made in accordance with the schedule to be established with the Contracting Officer. Notwithstanding the overall savings recognized by the Contracting Officer as a result of an approved CRP, payment of any portion of the Contractor's share of savings shall not be made until NASA begins to realize a net cost savings on the contract (i.e., implementation, startup and other increased costs resulting from the change have been offset by cumulative cost savings). Savings associated with unexercised options will not be paid unless and until the contract options are exercised. It shall be the responsibility of the Contractor to provide such justification as the Contracting Officer deems necessary to substantiate that cost savings are being achieved.
- (4) Any future activity, including a merger or acquisition undertaken by the Contractor (or to which the Contractor becomes an involved party), which has the effect of reducing or reversing the cost savings realized from an approved CRP for which the Contractor has received payment may be cause for recomputing the net cost savings associated with any approved CRP. The Government reserves the right to make an adjustment to the Contractor's share of cost savings and to receive a refund of moneys paid if necessary. Such adjustment shall not be made without notifying the Contractor in advance of the intended action and affording the Contractor an opportunity for discussion.

- (g) Limitations. Contract requirements that are imposed by statute shall not be targeted for cost reduction exercises. The Contractor is precluded from receiving reimbursements under both this clause and other incentive provisions of the contract, if any, for the same cost reductions.
- (h) Disapproval of, or failure to approve, any proposed cost reduction proposal shall not be considered a dispute subject to remedies under the Disputes clause.
- (i) Cost savings paid to the Contractor in accordance with the provisions of this clause do not constitute profit or fee within the limitations imposed by 10 U.S.C. 2306(d) and 41 U.S.C. 254(b).

ARTICLE I-14 KSC 52.245-90 MANAGEMENT OF NASA-OWNED/CONTRACTOR-HELD RECORDS (NOV 1998)

- (a) NASA-owned/Contractor-held records shall be maintained by the Contractor in accordance with the instructions set forth in the latest editions of NPG 1440.6, NASA Records Management Program, NPG 1441.1, NASA Records Retention Schedules, and KMI 1440.1, KSC Records Management and Vital Records Programs. As directed by the Contracting Officer, the Contractor shall obtain prior approval from the Contracting Officer to destroy or remove records subject to this clause.
- (b) NASA-owned/Contractor-held records shall consist of documentation of Contractor activities and functions necessary for the performance of this contract, including, but not limited to, documentation of those day-to-day operating procedures that are essential to carrying out the statement of work and those actions, organizational structure, policies, decisions, operations, and activities necessary to perform or continue the work performed under the contract. NASA-owned/Contractor-held records shall not include those Contractor records that relate exclusively to the Contractor's internal business or are of a general nature not specifically related to the performance of work under the contract. The Contractor's general policies, procedures, etc., that apply to the general conduct of its business do not fall under the purview of this clause. When in doubt, the Contractor shall seek the Contracting Officer's determination as to which records are subject to this clause.
- (c) The Contractor shall ensure that NASA-owned/Contractor-held records are segregated from company-owned records and from non-record materials. This clause operates independently from and is not intended to affect, or be affected by, the Contractor records provisions contained in FAR Subpart 4.7 and the clauses referenced therein.

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- (d) The Contractor, through the Contracting Officer, shall coordinate with the KSC Records Manager, on matters requiring advice, such as marking and segregating such records, or technical assistance in all areas of management pertaining to such records.
- (e) The contractor shall prepare and submit KSC Form 16-516, KSC Annual Summary of Record Holdings, on an annual basis to the KSC Records Manager.